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SENSITIVE

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STATE FOR NEA/ELA
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USDOC FOR 4520/ITA/MAC/ONE
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SUBJECT: LEBANON: GOL CONSIDERING SETTING A FLOOR FOR GAS EXCISE TAX
(ECONOMIC WEEK IN REVIEW, DECEMBER 29 - JANUARY 4, 2008)

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GOL IS CONSIDERING SETTING
A FLOOR FOR GAS EXCISE TAX

11. (SBU) Finance Minister Mohammad Chatah told us on December 31 that he is discussing the gas excise tax with PM Siniora and Energy Minister Alain Tabourian. Chatah supports setting a fixed excise tax, regardless of the price of gas. (Note: Chatah December 24 mentioned to Embassy staff a 350 Lebanese Lira (LL) per liter (23 cents/liter) excise tax, slightly above the LL 300/liter benchmark for the disbursement of USG budgetary support to the GOL. End note.) Chatah said the Ministry of Finance (MOF) will collect both the fixed excise tax -- which would add to the Treasury account -- plus the remaining margin due to low international oil prices. The margin above the set excise tax would go to a special GOL account to finance shortfalls, such as in the Council for the South and the Fund for the Displaced, he said.

12. (SBU) According to Chatah, if oil prices rise again, the GOL would collect the fixed excise tax, and the price of gas at the stations will be uncapped. An excise tax of LL 350/liter will bring in to the Treasury \$332 million annually, he noted. Chatah said that once he, Siniora, and Tabourian agree on the formula, Chatah will submit the proposal to the cabinet for approval. The formula will "crystallize in the coming days," he said, but would not give a definitive time frame.

LEBANON- U.S. MEGAPORTS MOU

13. (U) Ambassador Sison and General Director of Lebanese Customs Assaad Ghanem signed on December 30 a memorandum of understanding between the U.S. and Lebanon on the Megaports project. The project will install specialized equipment at the Beirut Port to detect illicit shipments of nuclear and other radioactive materials, and provide training on the equipment and detection of materials for Lebanese Customs staff members and other law enforcement officials.

ANTI-COUNTERFEIT ASSOCIATION SEEKS CONTINUED
PRIVATE-PUBLIC COOPERATION IN 2009

¶4. (SBU) At its annual general assembly meeting December 15 in Beirut, the Brand Protection Group (BPG) -- an association of leading local, regional, and international manufacturers and distributors aimed at combating counterfeiting -- highlighted BPG's major achievements in 2008, including continuation of its widespread awareness campaign. Members, cognizant that Lebanon's 2009 parliamentary elections may obstruct plans to improve IPR in Lebanon, summarized their main objectives for the year. BPG hopes to continue its close collaboration with Lebanon's public sector, to include training 100 new inspectors at the Ministry of Economy and Trade (MOET) and lobbying the Ministry of Justice to establish specialized IPR courts. The group also plans to push the GOL to develop a self-financing mechanism at the IPR department at the MOET; BPG argues additional funds could help increase staff and improve enforcement procedures.

MINISTRY OF EDUCATION SETS
2009 IPR THEME IN SCHOOLS

¶5. (U) On December 22, the Ministry of Education (MOE) officially announced that IPR would be the theme for its 2009 SchoolNet Project. (Note: The SchoolNet Project is a MOE scheme, initiated in 2002, that seeks to connect all private and public schools and libraries in a single network to facilitate learning and teaching. End note.) The initiative will teach students about the

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consequences of IPR violation by Lebanese consumers and businesses.

¶6. (U) Minister of Education Bahia Hariri at the event questioned the practice of holding children accountable for "not respecting IPR" when no school programs exist in Lebanon to teach them IPR rights. The MOE's initiative is being implemented in partnership with Microsoft Lebanon, the Educational Association for IT Development (EAID), and the International Education Association (IEA)- Lebanon.

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